

Message Text

UNCLASSIFIED

PAGE 01 ROME 14599 01 OF 02 081735Z
ACTION EUR-12

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NSAE-00 SIL-01 CU-06 /039 W
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R 081620Z SEP 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 7029
INFO AMEMBASSY BONN
AMEMBASSY LONDON
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UNCLAS SECTION 1 OF 2 ROME 14599

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E.O. 11652 N/A
TAGS: ELAB, IT, PINT, EFIN
SUBJ: LABOR ACTIVITY RESUMES

REF: ROME 13457

1. SUMMARY. THE RE-EMERGENCY OF THREE LABOR PROBLEMS SIGNALS THE CONCLUSION OF THE HOLIDAY HIATUS AND A RETURN TO NORMALCY. RECURRENT AGITATION IN THE RAILWAY SECTOR HAS LED THE GOVERNMENT TO DEAL DIRECTLY WITH THE AUTONOMOUS RAILWAY WORKERS UNION FOR THE FIRST TIME. PROSPECTIVE LOSS OF THOUSANDS OF JOBS IN TWO STATE-PARTICIPATION INDUSTRIAL COMPLEXES WHICH ARE IN ECONOMIC TROUBLE HAS PROMPTED A FOUR-HOUR GENERAL STRIKE IN THE MILAN AREA FOR TOMORROW, SEPTEMBER 9. IMPLEMENTATION OF THE YOUTH EMPLOYMENT BILL IS OFF TO A SLOW START. THESE TOPICS AND OTHERS WILL BE DISCUSSED ON SEPTEMBER 12 WHEN TOP CCU LEADERS MEET WITH PRIME MINISTER ANDREOTTI. END SUMMARY.

2. FOR THE THIRD AUGUST IN SUCCESSION, THE INDEPENDENT RAILWAY
UNCLASSIFIED

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PAGE 02 ROME 14599 01 OF 02 081735Z

WORKERS' UNION FISAFS MOUNTED A SERIES OF HARRASSING WORK STOPPAGES AND SLOWDOWNS. WHILE FISAFS ORGANIZES ONLY ABOUT 10 PERCENT OF RAILWAY WORKERS, THEIR ACTIONS DURING THE WEEK OF AUGUST 28 SUCCEEDED IN CREATING SUBSTANTIAL RAIL CHAOS. BASICALLY, FISAFS IS PURSUING TWO INTERLINKED OBJECTIVES: RECOGNITION BY THE GOVERNMENT (THEY ARE NOT ADMITTED TO THE BARGAINING PROCESS BY THE RAIL AFFILIATES OF THE CCU - FEDERATION CGIL-CISL-UIL),

AND SUBSTANTIAL IMPROVEMENTS IN FRINGE BENEFITS TO LIFT RAILWAY WORKERS FROM THEIR PRESENT RANKING NEAR THE BOTTOM AMONG PUBLIC SERVANTS.

3. FISAFS APPEARS TO BE MAKING PROGRESS TOWARD BOTH OBJECTIVES. IN RECENT DAYS, FOR THE FIRST TIME, TOP GOVERNMENT OFFICIALS HAVE BEEN MEETING WITH FISAFS REPRESENTATIVES, SEEKING TO AVERT THE THREAT OF RESUMED STRIKE ACTIONS. THE GOVERNMENT HAS BEEN MEETING SIMULTANEOUSLY WITH THE CCU RAIL UNIONS. THESE LATTER HAVE, IN EFFECT, ESPOUSED A NUMBER OF THE FISAFS DEMANDS EVEN THOUGH THEY CONCLUDED A CONTRACT WITH THE GOVERNMENT ONLY TWO MONTHS AGO (THE FISAFS, OF COURSE, WAS NOT A PARTY TO IT). AGREEMENT HAS BEEN REACHED BETWEEN THE GOVERNMENT AND THE CCU. FISAFS REPS ARE NOT TOTALLY SATISFIED, BUT SAY IT CONTAINS POSITIVE ASPECTS. UNION MEETINGS IN THE NEXT COUPLE OF DAYS WILL DETERMINE WHETHER RAIL STRIKES ARE TO RESUME.

4. FOUR-HOUR GENERAL STRIKE IN THE MILAN AREA TOMORROW IS INTENDED AS A PROTEST AGAINST THE PROSPECT OF MAJOR JOB LOSSES IN TWO INDUSTRIAL COMPLEXES IN WHICH THE STATE POSSESSES MAJORITY OWNERSHIP. UNIDAL, A CONGLOMERATE CONSISTING PRIMARILY OF TWO MONEY-LOSING FOOD INDUSTRY FIRMS (MOTTA AND ALEMAGNA), HAS TENTATIVELY ANNOUNCED ITS INTENTION TO GO OUT OF BUSINESS. SEVERAL THOUSANDS OF JOBS ARE INVOLVED. EGAM, A STATE HOLDING COMPANY CONSISTING PRIMARILY OF MINING FIRMS, IS BEING DISSOLVED (SEE ROME'S 6748 -- NOTAL). IN THE REASSIGNMENT TO OTHER STATE
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PAGE 03 ROME 14599 01 OF 02 081735Z

COMPLEXES OF THE EGAM HOLDINGS, AT LEAST TEN OF THE 52 ENTITIES ARE SLATED FOR CLOSURE, AGAIN WITH THE LOSS OF A SUBSTANTIAL NUMBER OF JOBS.

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PAGE 01 ROME 14599 02 OF 02 081739Z
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UNCLAS SECTION 2 OF 2 ROME 14599

5. THE PROBLEMS IN THE STATE PARTICIPATION SECTOR WILL BE AN IMPORTANT SUBJECT OF A MEETING WITH PRIME MINISTER ANDREOTTI BY TOP CCU LEADERS ON SEPTEMBER 12. ALSO HIGH ON THE LIST WILL BE THE YOUTH EMPLOYMENT PROBLEM. THOUGH THE YOUTH EMPLOYMENT BILL ENVISIONS THE CREATION OF SOME 650,000 TEMPORARY JOBS, THE PROJECT IS OFF TO A SLOW START. REPORTEDLY, EMPLOYERS HAVE FILED REQUESTS FOR ONLY SOME 50,000 YOUNG WORKERS TO DATE. THE PRINCIPAL PROBLEM, AS NOTED IN REFTEL, IS MANAGEMENT FEAR THAT THEY WILL BE STUCK PERMANENTLY WITH ANYONE THEY TAKE ON. OF LESSER CONCERN, THOUGH ALSO A FACTOR, IS THE PROVISION THAT EMPLOYERS MAY NOT CHOOSE THEIR WORKERS: THEY MUST TAKE WHOEVER THE YOUTH EMPLOYMENT OFFICE ASSIGNS. IN CONVERSATIONS WITH LABOR LEADERS, WE HAVE BEEN TOLD THEY ARE SYMPATHETIC TO THESE MANAGEMENT CONCERNS. REPORTEDLY, THEY WILL SEEK TO PROVIDE ASSURANCES SUFFICIENT TO MOTIVATE EMPLOYERS TO PARTICIPATE WILLINGLY AND EXTENSIVELY IN THE PLAN.

6. COMMENT. IF FISAFS SHOULD WIN THROUGH AS AN EQUAL PARTNER IN REPRESENTING RAILROAD WORKERS, THE POTENTIAL IMPACT ON OTHER INDUSTRIAL SECTORS COULD BE CONSIDERABLE. THERE ARE OTHER INDEPENDENT UNIONS STRUGGLING WITH GROWING SUCCESS AGAINST CCU AFFILIATES FOR THE ALLEGIANCE OF WORKERS.
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PAGE 02 ROME 14599 02 OF 02 081739Z

7. WHILE ALL OF THE PROBLEMS CURRENTLY UNDER DISCUSSION ARE URGENT, AND OTHERS NOT YET IDENTIFIED WILL SURELY ARISE, THE BEST EXPECTATION AT PRESENT IS THAT THE PERENNIAL "HOT AUTUMN" WILL BE LESS TORRID THIS YEAR. REASONS: A) THE CONTINUING EMPHASIS ON MODERATION BY THE POWERFUL COMMUNIST CONFEDERATION CGIL, B) A GROWING SENSE OF SOBRIETY IN UNION CIRCLES GENERALLY AS THE IMPLICATIONS OF ITALY'S ECONOMIC PROBLEMS BECOME EVIDENT, AND C) THE ABSENCE OF THE TERMINATION OF ANY MAJOR LABOR CONTRACTS THIS FALL. THOUGH CONTRACTS INVOLVING MORE THAN TWO MILLION WORKERS WILL EXPIRE BY YEAR-END, NO MAJOR SECTOR IS INVOLVED. ONE POTENTIALLY TROUBLESOME AREA, HOWEVER, IS THAT OF 420,000 HOSPITAL WORKERS WHOSE CONTRACT EXPIRED AT THE END OF 1976 AND HAS NOT YET BEEN RENEWED. GARDNER

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